



# State of Nevada **Department of Business & Industry**

## Division of Insurance

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### **Make the Most of Your Insurance with Consumer Guides from the Division of Insurance** *Learn how to get the coverage you need at an affordable price*

Figuring out the best insurance for your needs can be expensive and daunting. That's why the Nevada Division of Insurance has created a series of easy-to-use Consumer Guides to help you make the right decisions for your insurance needs that are also affordable.

These publications contain valuable information on several types of insurance important to Nevada drivers and homeowners. The Division recently updated its auto insurance guide and has also published several guides containing information on homeowners' insurance, flood insurance and earthquake insurance, as well as a "Frequently Asked Questions" list on the use of credit information in insurance premium determination.

Commissioner of Insurance Brett J. Barratt notes that "*Nevadans benefit from a healthy competitive personal lines market, with over 150 private passenger automobile insurers and over 110 homeowners' insurers writing business in the state. This gives Nevada drivers and homeowners a wide array of choices.*"

It's important for Nevadans to maintain an adequate amount of insurance coverage to protect their most valuable assets. Recognizing the choices Nevadans are facing due to uncertain economic conditions, Commissioner Barratt adds, "*I hope these informative guides assist Nevadans in meeting their insurance needs at an affordable price during the current difficult economic times.*"

The Division encourages Nevada consumers to shop around regularly and to be on the lookout for opportunities to meet their insurance needs.

**Auto Insurance Guide** – The Division recently published an updated [2010 Consumer's Guide to Auto Insurance Rates](#). The guide describes common automobile insurance coverages and includes a

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multitude of hypothetical rating examples for price comparison. Comparison quotes are provided from as many as 30 Nevada-licensed private passenger automobile insurers for each hypothetical example.

The examples contained in the guide provide a glimpse at the variation of auto insurance rates in Nevada. Different insurers generally evaluate specific consumer characteristics – such as driving record, zip code, and claims history – based upon different rating criteria and the insurer’s unique claims experience. Consumers may be able to save hundreds of dollars in auto insurance premiums by choosing an insurer with a rating structure that treats their specific characteristics favorably.

The Auto Guide also includes information about a cutting-edge technology approved for use in Nevada for Western United/AAA and Progressive insurance companies. The “usage-based insurance”, also known as “pay as you drive”, programs may help consumers who drive fewer miles and participate in safe driving behaviors lower their auto insurance premiums.

**Homeowners’ Insurance Guide** – In recent years, Nevada homeowners have seen a sharp decline in their property values. The Division’s [Nevada Consumer’s Guide to Home Insurance](#) contains helpful information to assist the homeowner in understanding the differences between the real-estate value of a property and the replacement cost of rebuilding a home. Noting that a house is the most expensive asset for most people, Commissioner Barratt cautions Nevadans against the risk of underinsuring this asset to achieve a lower insurance premium. *“It is essential for Nevadans to obtain adequate homeowners’ insurance coverage to allow them the ability to recover and to rebuild their homes.”*

The guide includes definitions of common terms, descriptions of typical coverages and coverage forms, as well as available optional coverages to help consumers understand homeowners’ and renters’ insurance. Some of the primary factors used in the calculation of home insurance prices are also included.

**Premium Increases Due to Incidents and Claims** – Many Nevada automobile and homeowners’ insurers increase an individual’s premium on the basis of the number of claims filed or the number of incidents/violations in the insured’s driving history. Nevada law requires a disclosure to be issued to insureds with an automobile or homeowners’ insurance policy.

The purpose of the notice is for Nevadans to be aware of what the premium repercussions of filing a claim under their insurance policy may be, in advance of making a decision on whether or not to file a claim after a loss. In addition, for automobile insurance, the notice is intended to inform consumers of the premium effects of having a conviction for a traffic violation. Commissioner Barratt explains: *“The general aim of these notices is to foster consumer education and to ensure that consumers have the knowledge to take charge of their finances through their decision-making.”*

**Credit-Based Insurance Scoring** – Many insurers use consumers’ credit information as one aspect of underwriting and rating insurance policies. The insurance industry believes that credit-based insurance scoring models are a useful indicator to predict insurance loss. The Division’s [Frequently Asked Questions about Credit-Based Insurance Scores](#) provides pertinent information to Nevadans about how the use of credit information may affect the cost of their home or auto insurance.

In light of the ongoing financial difficulties experienced by most Nevadans, and the widespread use of consumer credit information in underwriting and rating insurance policies, several insurers have

adopted rules to grant exceptions from the impact of adverse credit information arising as a result of certain extraordinary life events such as bankruptcy, divorce, involuntary unemployment, identity theft, and other catastrophic occurrences.

In addition to the above published informational guides, the Division encourages consumers to contact the Division's Consumers Services staff at (775) 687-0700 or (702) 486-4009 with any questions they may have.

The Consumer Guides are available at the Division's Carson City and Las Vegas offices, and can also be downloaded from the Division's website at <http://doi.nv.gov/consumer.aspx>.

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